

**5/16/78**

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Letter	Pres. Carazo to Pres. Carter, w/attachments 6 pp., re:Correspondence w/Foriegn Head-of-State	5/16/78	A
Memo	Frank Moore to Pres. Carter, w/attachments 7 pp., re:Recommendations	5/10/78	C
Memo	Jack Watson to Pres. Carter, w/attachments 3 pp., re:Gov. Blanton	5/15/78	C

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THE WHITE HOUSE  
WASHINGTON

May 16, 1978

Bob Lipshutz

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: The First Lady  
Jody Powell

AMERICAN EXPRESS ADVERTISEMENT

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	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
<input checked="" type="checkbox"/>	LIPSHUTZ
	MOORE
<input checked="" type="checkbox"/>	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

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	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
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	CRUIKSHANK
	FALLOWS
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	HARDEN
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	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE

WASHINGTON

May 16, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

ROBERT LIPSHUTZ *RL*

RE:

American Express Advertisement Re  
Official White House Silverware

*Bob -  
Go public with  
this without  
delay unless  
Am Ex acts  
immediately*

*JC  
cc Today*

We have sent the attached letter to Robert Meyers, Vice President, Card Division, of the American Express Company, expressing your concern about the American Express advertising. We have also called Louis Gerstner, Senior Vice President, to whom Mr. Meyers reports. Mr. Gerstner was concerned about the matter and promised to get back to us by telephone in the near future.

I will report to you as soon as we have had a chance to follow up with Gerstner or Meyers.

(Note: Clement Conger, White House Curator, also learned of this matter and independently brought it to our attention.)

THE WHITE HOUSE

WASHINGTON

May 16, 1978

Dear Mr. Meyers:

The President has asked me to express his personal concern over your recent advertising campaign in which you offer your cardholders "official White House silver flatware" (brochure enclosed). As your company knows, the White House does not endorse commercial products without prior agreement. The advertising in question, which suggests White House endorsement of your product, is misleading and is contrary to customary business practice. As stated in Section 235 of the Better Business Bureau's "Do's and Don't's in Advertising Copy," "The name of the White House may not be used in any advertising whatsoever" (emphasis in the original).

Furthermore, the Federal Trade Commission's authority to address "unfair and deceptive" practices includes the power to prohibit misleading advertisements, and several state agencies have similar authority. An advertisement is considered "misleading" if it creates a false impression of the source of the product or if it implies a nonexistent endorsement. Your advertisement misleads on both counts.

The use of the White House in advertising requires the agreement of either the White House officials or the White House Historical Association. American Express has obtained no such agreement. We must therefore request that you immediately modify your advertising to delete all references to the White House and to remove any suggestion that the White House in any way endorses your product. Please notify us of the action you are taking in response to our request.

Sincerely,



ROBERT J. LIPSHUTZ  
Counsel to the President

Mr. Robert L. Meyers  
Vice President, Card Division  
American Express Company  
American Express Plaza  
New York, New York 10004

THE WHITE HOUSE

WASHINGTON

May , 1978

To Speaker Tip O'Neill

The Alaska National Interest Lands Conservation Act is now before you and your colleagues for floor consideration. By enacting a strong bill, you can seize the historic opportunity to protect the best of America's last great wilderness and wildlife areas.

This Bill represents a balanced approach which provides for economic development, justice for Alaska's Native peoples, and vast grants of public land to the State of Alaska. The bill will create outstanding national parks, wildlife refuges, wild and scenic rivers, and national forests.

This is a national issue of the highest priority. It is one of the most important conservation issues Congress has ever had before it, and will almost surely be the most important conservation issue considered by Congress during my presidency. I urge the Congress to act wisely and boldly now to demonstrate to future generations our concern for the world they will inherit by passing a strong Alaskan Lands bill.

Sincerely,

The Honorable Thomas O'Neill, Jr.  
Speaker-House of Representatives  
Washington, D.C. 20515

2598

THE WHITE HOUSE  
WASHINGTON

May 16, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

**Rick Hutcheson**  
cc: The Vice President  
Stu Eizenstat  
Jack Watson  
Anne Wexler  
Landon Butler



	FOR STAFFING
	FOR INFORMATION
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ACTION  
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<input checked="" type="checkbox"/>	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
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	BRZEZINSKI
	MCINTYRE
	SCHULTZE


	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
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	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

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	H. CARTER
	CLOUGH
	COSTANZA
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	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE  
WASHINGTON

MR. President,

Frank would like to  
talk to you about this  
at his 9:00 meeting.

 I have

THE WHITE HOUSE  
WASHINGTON

May 16, 1978

Frank -  
Let  
Cecil do it  
J

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE  
BILL CABLE *Bill*  
BOB THOMSON *Bob*

SUBJECT: Alaska Lands Legislation and  
Labor Reform in the Senate

The House Rules Committee has reported out the Udall-Murphy compromise Alaska lands legislation, 11 to 5. The bill will be on the House floor tomorrow with an excellent chance of passage.

The Department of Interior requests the attached letter be sent by you to the Speaker supporting the bill. We believe the compromise bill will pass the House with or without the letter, although the chance of a weakening Meeds' amendment will be lessened with your letter. Congressman Udall has also requested the letter.

On the Senate side, the issue of Alaskan lands is intimately tied to labor law reform. Senator Stevens has indicated he will not support cloture on labor law reform if he is going to be forced to conduct a filibuster himself on the Alaska lands bill later. He wants a commitment that we will not push for the House compromise this year.

Senator Byrd has said publicly he will not schedule Alaska lands legislation this year. He implied as much in today's Leadership breakfast. Part of the reason for his decision is Senator Stevens' position tying his vote on labor reform to action on Alaska lands.

Labor opposes the House Alaska lands compromise on its merits, although the AFL-CIO itself has not been active in its opposition. However, labor has urged us to do only what is necessary to move the compromise bill along in the House and not to do anything in support of the bill in the Senate until after cloture is obtained on labor reform. Their reasoning is that Senator Stevens will be needed to get 60 votes for labor law reform cloture. Our count indicates labor may well be right.

We have 53 votes for cloture on the first vote. Four more will probably be with us on later votes. Senator Stevens will be crucial to our chances of picking up the remaining 3, since Heinz and Hatfield are also on the fence. If Stevens supports cloture, it will be easier for the other two to do so, as well.

As we see them, your options for tomorrow are as follows:

1. Send the letter as suggested (attached). This will please the environmentalists, displease Senator Stevens and, consequently, displease labor mightily on the eve of the labor reform battle.
2. Send no letter. This will displease the environmentalists, but keep our options open with Senator Stevens on labor reform.
3. Have Secretary Andrus send a letter. This will have the effect of putting the Administration on record as supporting the House compromise, yet still leave us some flexibility with Senator Stevens.

We recommend alternative 3. After the Andrus letter is sent, we recommend you call Senator Byrd on a confidential basis. We will provide a detailed talking paper later in the week, but the call should reaffirm your support for Alaska lands legislation. You should tell Senator Byrd in this call that you realize the problem with Senator Stevens on labor reform and you would like to discuss the problem of scheduling Alaska lands legislation with him after the Senate Energy and Natural Resources Committee reports a bill (probably late June). For now, you should just urge him to keep an open mind, despite his previous public position.

You should know, however, that Senator Byrd may already have committed to Senator Stevens not to schedule any bill not to Stevens' liking.

THE WHITE HOUSE  
WASHINGTON

RICK HUTCHESON --

When the President approves the Commission, I would appreciate your informing only Landon and myself. We want to hold the announcement until next week when the President visits West Virginia, and I want to prevent any leaks before then.

Stu Eizenstat

15 May 78

*Hold for new  
page  
1st  
d. 4x0.12m  
The Army*

X

THE WHITE HOUSE

WASHINGTON

May 15, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: THE SECRETARY OF LABOR  
THE SECRETARY OF ENERGY  
THE SPECIAL TRADE REPRESENTATIVE  
THE CHAIRMAN, CEA  
THE DIRECTOR, OMB  
STU EIZENSTAT *Sh*  
LANDON BUTLER  
BOB LIPSHUTZ

SUBJECT: Presidential Commission on Coal

During the coal strike you promised to appoint a Presidential Commission on Coal. We have consulted widely on the structure, responsibilities, and membership of the proposed Commission. Based on these consultations we recommend that the Commission be structured as follows: (Draft Executive Order attached)

I. Membership

A. Commission Size

The key question of how large to make the Commission depends on whether the various factions and segments of the industry should be represented. These factions -- union and non-union, Miller and anti-Miller, steam coal and soft coal, western and eastern, strip and deep, etc. -- need to feel a sense of participation if the Commission's recommendations are to be widely accepted. Moreover, a large Commission would help to please more members of Congress, many of whom have recommended members for the Commission. On the other hand there are obviously too many factions for all to have seats at the table.

Because of the difficulty of satisfying all factions, we believe that the Commission should be limited to five members, of whom three, including the Chairman, would be representatives of the general public. One member would represent labor and one would represent management. The labor and management representatives, however, would not be appointed by the UMW and the BCOA but would be chosen by you from among individuals recommended by these groups to represent their points of view.

EXECUTIVE ORDER  
-----

PRESIDENT'S COMMISSION ON THE COAL INDUSTRY

By the authority vested in me as President by the Constitution of the United States of America, and in order to establish, pursuant to the provisions of the Federal Advisory Committee Act (5 U.S.C. App. I), a balanced forum to review the state of the Nation's coal industry, it is hereby ordered as follows:

1-1. Establishment and Membership.

1-101. There is hereby established the President's Commission on the Coal Industry.

1-102. The membership of the Commission shall be as follows:

(a) Five members shall be appointed by the President representing the interests of labor, management and the general public. The President shall designate one of the members representing the general public to chair the Commission.

(b) The President of the Senate and the Speaker of the House of Representatives may designate two members of their respective Houses to serve as non-voting members of the Commission.

(c) The Secretary of Labor and the Secretary of Energy or their designees shall also be non-voting members of the Commission.

THE WHITE HOUSE

WASHINGTON

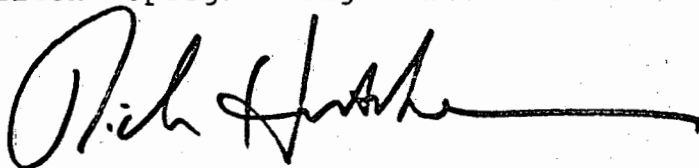
17 May 1978

MEMORANDUM FOR

THE HONORABLE JAMES R. SCHLESINGER  
Secretary of Department of Energy  
THE HONORABLE JAMES MCINTYRE  
Director, Office of Management and  
Budget

Re: State Energy Grant Program Reform

The President reviewed your memorandum of May 4 on the above-referenced subject and decided to seek a \$110 million authorization, but provide all funding from within FY 1979 DOE budget totals assuming the \$85 million will be appropriated and that a \$25 million reprogramming action will be requested.

A handwritten signature in dark ink, appearing to read "Rick Hutcheson", with a long horizontal flourish extending to the right.

Rick Hutcheson  
Staff Secretary

cc: The Vice President  
Stu Eizenstat  
Frank Moore  
Jack Watson  
Charlie Schultze





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

MAY 4 1978

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM SCHLESINGER *JS*  
JIM MCINTYRE *JM*

SUBJECT:

State Energy Grant Program Reform

This is in response to your question on our memorandum of March 27 which recommended changes in DOE grant programs. Specifically, you questioned whether the recommended program consolidation could be implemented without the \$25 million increase over the FY 1979 budget level of \$85 million.

Because your FY 1979 budget proposals for the three DOE programs to be merged through these reforms are already before Congress, and because final enactment of these reforms before the beginning of FY 1979 is now seen as unlikely, there are two resource level issues which need to be addressed:

- (1) What should be the authorization level for the new program?
- (2) If the new program is enacted, should the Administration propose an increase in the overall DOE budget of \$25 million for FY 1979 for full funding of this new program?

In answer to your question, the program consolidations and other reforms could be implemented without a fiscal year 1979 increase either in the authorization level for this new program or in the overall DOE budget. However, both DOE and OMB continue to recommend that the new program be authorized and funded at the increased level of \$110 million, though we disagree as to the sources for the funding increase.

The following are the reasons why both DOE and OMB recommend that the new program be authorized at \$110 million:

- (1) The new program adds significant new State responsibilities including:
  - (a) Energy supply and demand planning,
  - (b) Developing emergency preparedness measures,
  - (c) Developing energy supply initiatives, and

- (d) Completing energy facility needs assessment, including major nuclear power electric generating facilities, if the State so chooses.
- (2) The new program would entail a different funding formula, so some States would experience funding decreases from allocations implicit in your FY 1979 budget of \$85 million if no new funds are added.
- (3) The new program establishes the principle of State matching requirements. The States are required to provide \$1 State for each \$5 Federal.
- (4) A funding increase will be important if we are to secure the support of the Governors for this proposal, and Congressional enactment of these reforms is less likely without such support. The National Governors' Association has proposed even higher Federal funding levels with lower State matching requirements.
- (5) If the reforms are enacted with no funding increase, there may be a decrease in State energy conservation efforts as funds currently used for conservation are shifted to meeting the added requirements of the new legislation.

#### Recommendations.

OMB recommends that the Administration propose a \$110 million authorization for this program, but that after the program is enacted, the Administration submit reprogramming actions of \$25 million assuming a \$85 million appropriation to fund the new program without an increase in the overall DOE budget. OMB further recommends that the Congress be informed that the Administration considers the \$110 million to be a ceiling for the new program that will be vigorously adhered to. If you choose to retain the \$85 million funding level for this program, OMB continues to recommend that the reforms be submitted to the Congress even though they would be unlikely to be enacted.

DOE recommends that the Administration propose a \$110 million authorization for this program, with a consequent increase of \$25 million in overall appropriations for the Department in FY 1979. DOE believes that unless the authorization is increased to \$110 million, these reforms are unlikely to be passed and ought not be submitted to the Congress.

Decision



Retain \$85 million authorization and budget level but seek program reforms.



Seek a \$110 million authorization, but provide all funding from within FY 1979 DOE budget totals assuming the \$85 million will be appropriated and that a \$25 million reprogramming action will be requested. (OMB)



Seek a \$110 million authorization and plan a \$25 million increase in the FY 1979 DOE budget with a supplemental request. (DOE)



See me.

*J*

/	FOR STAFFING
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	LAST DAY FOR ACTION -

*Patti -  
attach old memo*

ACTION  
FYI

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	EYES ONLY

/	VICE PRESIDENT
/	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
/	MOORE
	POWELL
/	WATSON
/	WEXLER
	BRZEZINSKI
	MCINTYRE
/	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
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	MARSHALL
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	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

ID 782501

T H E   W H I T E   H O U S E

WASHINGTON

DATE:      12 MAY 78

FOR ACTION: STU EIZENSTAT *concur w/out*

FRANK MOORE (LES FRANCIS)

JACK WATSON *attached concur  
w/out*

*concur w/out*

INFO ONLY:    THE VICE PRESIDENT

ANNE WEXLER

CHARLIE SCHULTZE

SUBJECT:      SCHLESINGER MCINTYRE MEMO RE STATE ENERGY GRANT PROGRAM  
REFORM

+++++  
+    RESPONSE DUE TO RICK HUTCHESON    STAFF SECRETARY (456-7052)    +  
+            BY:    1200 PM MONDAY            15 MAY 78            +  
+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR.    ( ) NO COMMENT.    ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

WASHINGTON

*KC [unclear]  
Schimmer*

DATE: 12 MAY 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JACK WATSON

INFO ONLY: THE VICE PRESIDENT

ANNE WEXLER

CHARLIE SCHULTZE

SUBJECT: SCHLESINGER MCINTYRE MEMO RE STATE ENERGY GRANT PROGRAM  
REFORM

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: 1200 PM MONDAY 15 MAY 78 +  
+++++

ACTION REQUESTED:

STAFF RESPONSE: (✓) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*Shr*  
*w/om 12/20/78*

WASHINGTON

DATE: 12 MAY 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JACK WATSON

1978 MAY 12 PM 3 26

INFO ONLY: THE VICE PRESIDENT

ANNE WEXLER

CHARLIE SCHULTZE

SUBJECT: SCHLESINGER MCINTYRE MEMO RE STATE ENERGY GRANT PROGRAM  
REFORM

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: 1200 PM MONDAY 15 MAY 78 +  
+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

We support the DOE/OMB recommendation for creation of this program at the \$110 million level. We concur with OMB that the funds be generated by reprograming within the FY 79 budget.

Larry S.  
5/12

2:00 PM

THE WHITE HOUSE

WASHINGTON

May 16, 1978

C  
/

MEETING WITH GOVERNORS ON WATER POLICY  
Wednesday, May 17, 1977  
2:00 p.m. (30 minutes)  
Cabinet Room

From: Stu Eizenstat  
Jack Watson

*Stu*  
*Jack*

I. PURPOSE

To consult with interested Governors on water policy.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: In Denver last October you promised to meet with Governors before making your final decisions on water policy. The Governors in attendance are members of the National Governors' Association Water Management Subcommittee chaired by Governor Scott Matheson of Utah. Their staff was briefed on the water policy options last week by Stu. They have also been provided a written summary of the options under consideration (Tab A). After your opening remarks, you should turn to Governor Matheson who will speak for the Governors.

B. Participants: See attached list.

C. Press Plan: Brief photo opportunity.

III. TALKING POINTS

- I appreciate the extensive assistance provided by NGA throughout the study. The NGA Water Policy statement passed in February (Tab B) was particularly useful to the inter-agency team. The water policy will be as responsive as possible to your concerns.
- I have made no final decisions, and I consider this meeting an important step in making up my own mind.
- This effort has been lengthy and complex. Secretary Andrus, Jim McIntyre and Charles Warren have tried to put themselves in your shoes in coming up with



policy recommendations and in responding to their ideas, I hope you'll put yourselves in our shoes and recommend what we should do, as well as point out the things you don't like.

- Options have been presented to me which address the following objectives:

- water conservation
- enhanced Federal-State cooperation and improving State water planning capability
- improved planning and efficient management of Federal water programs, including options for cost-sharing initiatives
- increased attention to environmental quality

- I am particularly interested in your comments on:

- cost-sharing
  - a. Secretary Andrus has proposed that States put up 10% financing for water projects and share proportionately in any receipts.
  - b. In addition to the 10% State financing, it has also been proposed that we equalize existing cost-sharing arrangements for structural and non-structural flood control.
  - c. OMB has put forward a completely different cost-sharing option which would replace the entire patchwork system with a 25% financing requirement for any project, with the State putting up 10% and others putting up 15%.
- State grant proposals
  - a. Increased funding for water planning under existing Water Resources Council program;
  - b. Funding for implementation of State water conservation programs;

c. Providing some funding to help modernize State water rights processing.

- I know that some of the Eastern, urbanized States wanted this water policy to include a new program for rehabilitating urban water supplies. As you know, significant new funding has been provided in the urban policy package which, at an area's option, could be used for this purpose. In addition, the water policy would provide funding for all States for water resources planning and for water conservation. I would also like to continue to examine this question, and I would appreciate your thoughts.
- Some Governors may bring up the fact that EPA programs are not dealt with in the water policy:
  - EPA statutory authority has just been updated and it would be disruptive of implementation to reopen those issues.
  - Water conservation initiatives will include activities of EPA.
  - The water policy recommendations focus on the water development agencies, on water conservation and on improving State-Federal relations. While they may not be "comprehensive", they do make a very good start at some of the most serious problems.
- Some Governors may ask if you endorse their position that Federal water actions must be consistent with State water plans:
  - While the presumption should be consistency and we want to beef up State water planning capability, an absolute requirement might in some cases not be workable (such as interstate conflicts).
  - An absolute requirement would necessitate much heavier Federal involvement in the planning process and in determining the adequacy of State plans.

Attachments

Tab A - Summary of Options

Tab B - NGA Water Policy Statement

PARTICIPANTS

ANDRUS, Cecil  
Secretary of the Interior

BARNETT, Jack  
Executive Director, Western States Water Council

BRISCOE, Dolph  
Governor of Texas

EVANS, John  
Governor of Idaho

FARBER, Stephen B.  
Executive Director, National Governors' Association

HERSCHLER, Ed  
Governor of Wyoming

JOHNSON, David W.  
Staff Director, National Governors' Association  
Committee on Natural Resources and  
Environmental Management

LAMM, Richard D.  
Governor of Colorado

MATHESON, Scott M.  
Governor of Utah

NAGEL, Joseph  
Assistant to Secretary Andrus

O'CALLAGHAN, Mike  
Governor of Nevada



May 11, 1978

BRIEFING PAPER FOR NATIONAL GOVERNORS ASSOCIATION  
WATER POLICY OPTIONS UNDER CONSIDERATION

In his May, 1977 Environmental Message, the President directed the Water Resources Council, the Office of Management and Budget and the Council on Environmental Quality, under the chairmanship of Interior Secretary Andrus, to carry out a review of Federal water policies and programs. That group has now transmitted options and recommendations to the President who has them under active consideration.

On May 17, 1978, the President will be meeting with a group of interested Governors to discuss the water policy options prior to making his final decisions. This summary paper outlines for the Governors' use the recommendations and options presented by the inter-agency group. It does not reflect Presidential decisions, which have not yet been made. Additional options might of course emerge as a result of consultation with Governors and others.

Objectives

There are four principal objectives addressed by the water policy proposals:

- a new, national emphasis on water conservation
- enhanced Federal-State cooperation and improved state water resources planning
- improved planning and efficient management of Federal water resource programs
- increased attention to environmental quality

The primary focus of the recommendations is on the programs of the water development agencies -- the Corps of Engineers, the Bureau of Reclamation, the Soil Conservation Service and the Tennessee Valley Authority. These programs have an annual budget of about \$3.75 billion. In addition, water conservation proposals would affect a number of Federal agencies.

Water quality is also a major Federal water issue, but because the statutory framework has just recently been updated, there are not major new initiatives proposed in this area.

### Options Not Recommended at the Present Time

The policy options are intended to be effective in reaching the stated objectives. A number of more extreme options were considered during the review process but not recommended to the President:

- amending the discount rate for water project costs and benefits
- seeking full cost recovery of Federal water projects
- completely rewriting the Principles and Standards
- establishing a new Federal regulatory program for water management or mandatory water conservation

### Options Under Consideration

#### 1. Water Conservation

- Use existing Federal programs to encourage water conservation: This directive would cover EPA, USDA and Commerce water supply and sewage treatment programs; HUD, VA, USDA housing programs; GSA buildings; and USDA and Interior agricultural assistance programs.
- Irrigation Water Pricing: Better cost-accounting procedures in the Bureau of Reclamation which were shown to be needed in the Central Valley Project audit would be required for all Bureau projects, including shorter contract terms and payment arrangements based on audits.
- Municipal and Industrial Water Pricing: An option is under consideration to allow States to charge more for M&I water from Federal projects to encourage conservation, retaining the additional revenues. The Federal government would continue to receive the current statutorily-defined amount.
- Assistance to States: Grant money for establishing and implementing water conservation technical assistance programs. The level of funding and method of distribution (competitive vs. formula or combination) are under consideration.

- Water Conservation: Technical assistance to farmers and urban areas through existing programs (USDA, Bureau of Reclamation, HUD urban extension).

## 2. Federal-State Cooperation

- Grants to States for water resource planning: It is proposed to increase the existing State water planning grant program in the Water Resources Council, to encourage State planning and to increase the State role. Level of funding and method of distribution (formula vs. competitive) under consideration.
- Grants to States for water conservation technical assistance programs: Level of funding and method of distribution under consideration (mentioned above under water conservation).
- Optional funding for States with appropriation water rights systems to help inventory and process State water rights, so that users conserving water could more easily sell excess rights rather than losing them.
- Efforts to resolve Federal reserved rights and Indian water rights questions, including stepped-up efforts to identify and negotiate rights in consultation and cooperation with the States.

## 3. Improved Federal Programs

### • The planning process

- Improve the application of the existing Principles and Standards and standardize agency procedures for cost/benefit analysis. The Water Resources Council would prepare a water project planning manual over the next six to nine months.
- Add consideration of water conservation and appropriate non-structural alternatives to the Principles and Standards. Otherwise the Principles and Standards would be unchanged.

- Create an impartial water project review function and compliance with other planning requirements. This review process would occur in the Water Resources Council as part of the agency analysis process before the concerned Secretary made a funding recommendation to the Office of Management and Budget.
- Promulgate Presidential criteria for budgeting decisions (factors to govern decisions among candidate projects).

● Cost-sharing

- Two basic options now under consideration:
  - a. adding State 10% up-front financing for all projects, but making only one adjustment in the rest of the system (equalizing non-structural and structural flood control projects at 20% cost-share).
  - b. completely replacing the current system with a 25% non-Federal financing requirement, 10% to come from the State.
- Legislation would be required and would apply only to new authorizations.
- The 10% financing would entitle the State to a proportionate share of any revenue.
- Multi-State projects or projects with benefits in another State are a special problem with the 10% share.
- There may be a problem with poorer States less able to share in financing.
- State participation in project financing would significantly increase State involvement in project decisions.
- Treatment of SCS projects is a special concern.
- One option under consideration is to expedite consideration of projects for which the States voluntarily put up 10%, as long as planning requirements are met.



#### 4. Environmental Protection

- Enforcement of Fish and Wildlife Coordination Act and other environmental statutes.
- Efforts to encourage non-structural flood control and better implementation of the President's floodplain Executive Order.

#### Additional Points

##### ● Retroactivity

- planning requirements would apply to all projects not yet under construction.
- cost-sharing legislation would cover new authorizations.

##### ● New starts

- some new construction starts funding requests will be sent to the Congress for FY 1979.



FUNDAMENTAL PRINCIPLES FOR A  
NATIONAL WATER POLICY

PREAMBLE

THE NATIONAL GOVERNORS' ASSOCIATION SUBCOMMITTEE ON WATER MANAGEMENT CLEARLY RECOGNIZES THE NEED FOR AND SUPPORTS THE DEVELOPMENT OF A COMPREHENSIVE NATIONAL WATER POLICY WHICH TRULY ADDRESSES STATE WATER AND RELATED RESOURCE PROBLEMS. THE PRESIDENT, IN HIS MAY 1977 ENVIRONMENTAL MESSAGE, CALLED FOR A NATIONAL WATER POLICY STUDY WHICH INCLUDES GREATER SENSITIVITY TO ENVIRONMENTAL VALUES IN WATER MANAGEMENT AND DEVELOPMENT PROGRAMS; ECONOMIC EFFICIENCY; WATER CONSERVATION; MORE EQUITABLE ALLOCATION OF COSTS AMONG BENEFICIARIES; AND BETTER INTEGRATION OF WATER QUANTITY AND WATER QUALITY OBJECTIVES AND PROGRAMS.

THE SUBCOMMITTEE CONCLUDES THAT ANY NEW NATIONAL WATER POLICY SHOULD BE THE RESULT OF A COOPERATIVE NATIONAL, NOT PRIMARILY FEDERAL, EFFORT; THAT IT SHOULD RECOGNIZE THE STATES' PRIMARY ROLE IN WATER MANAGEMENT; THAT THE NEW POLICY SHOULD STRENGTHEN THE STATES' CAPABILITIES TO MANAGE; THAT THE FEDERAL GOVERNMENT MUST BE MORE FLEXIBLE IN ITS RESPONSE TO STATES; AND THAT MANAGEMENT SHOULD RECOGNIZE HYDROLOGIC SYSTEMS. ESSENTIAL TO ANY NATIONAL POLICY ON WATER MANAGEMENT IS THE INTEGRATION OF CONCERNS FOR WATER QUANTITY AND WATER QUALITY WITH THE RELATED RESOURCES DEPENDENT THEREON. ANY NATIONAL WATER POLICY MUST RECOGNIZE REGIONAL DIFFERENCES IN WATER PROBLEMS AND ENSURE FLEXIBILITY AND EQUITY IN FUTURE FEDERAL WATER INVESTMENTS.

STATE REPRESENTATIVES WHO PARTICIPATED IN THE NATIONAL WATER POLICY REVIEW EFFORTS WERE AND ARE AGREED THAT COHERENT GOALS AND GUIDELINES TO PROVIDE A COMMON PURPOSE TO THE PROCESS HAVE NOT BEEN FORTHCOMING FROM THE FEDERAL GOVERNMENT. THIS STATEMENT, THEN, IS INTENDED TO GIVE THAT DIRECTION.

THE NATION'S WATER AND RELATED RESOURCES ARE INCREASINGLY REGARDED AS CENTRAL TO ITS ECONOMIC AND ENVIRONMENTAL WELL BEING. IT SHOULD BE THE GOAL OF A NATIONAL WATER POLICY TO FOSTER A JOINT FEDERAL/STATE AND LOCAL WATER MANAGEMENT PROGRAM TO MEET CURRENT AND FUTURE WATER QUANTITY, QUALITY, DEVELOPMENT AND RELATED RESOURCE NEEDS TO THE EXTENT POSSIBLE CONSISTENT WITH ENVIRONMENTAL AND ECONOMIC CONSIDERATIONS.

SOME OF THE SERIOUS NATIONAL AND REGIONAL PROBLEMS WHICH INDICATE THE SCOPE OF ISSUES THAT NEED FURTHER ATTENTION TO MEET THIS GOAL INCLUDE:

- ① PUBLIC HEALTH CONCERNS
- ① LOSS OF VALUABLE WETLANDS
- ① RESOURCE RESTORATION AND MANAGEMENT
- ① LAKE EUTROPHICATION
- ① GROUND WATER DEPLETION
- ① ESCALATING ANNUAL FLOOD LOSSES
- ① ANTIQUATED WATER SYSTEMS IN URBAN AND RURAL AREAS
- ① WATER STORAGE FACILITIES
- ① FEDERAL REGULATION OF WATER RESOURCE STRUCTURES
- ① CLARIFICATION OF STATE, FEDERAL, AND NATIVE AMERICAN RESOURCE RIGHTS
- ① CONTAMINATION BY TOXIC AND HAZARDOUS MATERIALS OF SURFACE AND GROUND WATERS
- ① JURISDICTIONAL CONFLICT REGARDING WATER RIGHTS ADMINISTRATION AND MANAGEMENT
- ① INADEQUATE WATER SYSTEMS

THESE AND SIMILAR PROBLEMS SUGGEST TWO DIRECTIONS OF RESPONSE. FIRST, STATES MUST BE EQUIPPED TO MANAGE THEIR WATER RESOURCES BETTER. AND, SECOND, WATER RESOURCES POLICY MUST BE DEVELOPED IN CONCERT WITH AND AS AN INTEGRAL PART OF NATIONAL ECONOMIC, ENVIRONMENTAL, URBAN, AGRICULTURAL AND ENERGY POLICIES.

PRINCIPLE #1: THE STATES HAVE THE PRIMARY AUTHORITY AND RESPONSIBILITY FOR WATER MANAGEMENT

PRIMARY AUTHORITY AND RESPONSIBILITY FOR WATER MANAGEMENT FUNCTIONS INCLUDING PLANNING, DEVELOPMENT, AND REGULATION REST WITH THE STATES AND IN SOME CASES THEIR DELEGATED INTERSTATE AGENCIES. WATER MANAGEMENT ACTIVITIES RELATING TO WATER QUALITY, WATER SUPPLY, GROUNDWATER, WETLAND PROTECTION, COASTAL ZONE MANAGEMENT, AND SOIL CONSERVATION SHOULD BE CLEARLY DELINEATED BY CONGRESS AS THE PRIMARY RESPONSIBILITY OF THE STATES AND THEIR DELEGATED INTERSTATE AGENCIES.

NAVIGATION AND FLOOD CONTROL AND OTHER ISSUES AT THE PREROGATIVE OF THE STATE SHOULD CONTINUE TO BE SHARED WITH THE FEDERAL GOVERNMENT TO THE DEGREE APPROPRIATE.

FEDERAL POLICY MUST RECOGNIZE AND RESPECT THE RIGHTS OF THE STATES TO ADMINISTER THEIR INDIVIDUAL WATER LAWS AND MANAGE THEIR WATER RESOURCES.

PRINCIPLE #2: THE PROPER ROLE OF THE FEDERAL GOVERNMENT IS THREEFOLD:

(1) TO ESTABLISH THE FRAMEWORK OF NATIONAL OBJECTIVES

AND CRITERIA DEVELOPED IN CONSULTATION WITH THE STATES;

(2) TO PROVIDE ASSISTANCE TO THE STATES IN THE DEVELOPMENT

OF PROGRAMS TO MEET STATE NEEDS WITHIN SUCH FRAMEWORK; AND

(3) TO BE CONSISTENT WITH SUCH STATE PROGRAMS TO THE MAXIMUM  
EXTENT POSSIBLE WHEN UNDERTAKING DIRECT FEDERAL ACTIONS  
PURSUANT TO NATIONAL INTERESTS

THE RESPONSIBILITY OF THE FEDERAL GOVERNMENT IS TO ESTABLISH IN FULL CONSULTATION WITH STATES AND OTHER APPROPRIATE INTERESTS NATIONAL OBJECTIVES AND CRITERIA FOR THE PROTECTION, MANAGEMENT, RESTORATION, DEVELOPMENT, AND USE OF WATER AND RELATED RESOURCES TO MEET NATIONAL ECONOMIC, ENVIRONMENTAL, AND SOCIAL OBJECTIVES AND TO ASSIST IN IMPLEMENTING SUCH POLICIES IN FEDERAL ACTIONS AND THROUGH ASSISTANCE AND SUPPORT FOR STATE ACTIONS.

HOWEVER, THE NATURE OF FEDERAL ACTIVITIES IN WATER MANAGEMENT INVOLVING DIRECT ACTIONS BY FEDERAL AGENCIES, AN ARRAY OF NARROW CATEGORICAL GRANT PROGRAMS FOR SPECIFIC MANAGEMENT PURPOSES, AND A SIMILAR RANGE OF REGULATORY PROGRAMS HAS BEEN A MAJOR BARRIER TO COMPREHENSIVE MANAGEMENT AND APPROPRIATE ACTION AT THE STATE, LOCAL, OR BASIN LEVEL.

THE ESSENTIAL STEPS TOWARD ORDERLY, EFFICIENT, AND BALANCED WATER MANAGEMENT ARE TO RECOGNIZE THE PRIMARY RESPONSIBILITY OF THE STATE AND TO PUT EACH STATE IN THE POSITION TO DEVELOP COHERENT MANAGEMENT STRATEGIES IN COOPERATION WITH LOCAL GOVERNMENTS, OTHER STATES, AND THE FEDERAL GOVERNMENT.

IT IS THE RESPONSIBILITY OF THE STATE TO RELATE NATIONAL OBJECTIVES AND CRITERIA TO ITS MANAGEMENT PROGRAMS. FEDERAL POLICY SHOULD BE DIRECTED TOWARD STRENGTHENING THE CAPABILITY OF THE STATE TO ACT AS THE INTEGRATOR AND MANAGER OF ALL PROGRAMS AFFECTING THE WATER RESOURCES OF THE STATE. TO DO SO EFFECTIVELY, STATES NEED:

- REALISTIC AND DEPENDABLE FINANCIAL SUPPORT FOR STATES TO INTEGRATE MANAGEMENT ACTIVITIES THROUGH EXPANSION OF PROVISIONS FOR STATE ASSISTANCE SUCH AS A REVISED WATER RESOURCES PLANNING ACT OF 1965, OR SIMILAR LEGISLATION;
- FULL FUNDING OF AUTHORIZED PROGRAMS CONSISTENT WITH CONGRESSIONAL INTENT;
- TECHNICAL ASSISTANCE FROM FEDERAL AGENCIES, SUCH AS EPA, SCS, USBR, USGS, BLM, OR THE CORPS, POSSESSING EXTENSIVELY DEVELOPED EXPERTISE;
- ADDITIONAL RESEARCH ASSISTANCE, AS FOR EXAMPLE FROM THE WATER RESOURCE RESEARCH CENTERS ESTABLISHED UNDER THE WATER RESOURCES ACT OF 1964, OR SIMILAR LEGISLATION; AND
- ASSURANCE THAT DIRECT FEDERAL ACTIONS WILL BE RESPONSIVE TO NATIONAL POLICY, CONSISTENT WITH STATE PROGRAMS AND PRIORITIES AND CAREFULLY EVALUATED AGAINST MUTUALLY AGREED UPON STANDARDS SUCH AS PRINCIPLES AND STANDARDS ADOPTED PURSUANT TO THE WATER RESOURCES PLANNING ACT, SUITABLY REVISED.

PRINCIPLE #3: WATER MANAGEMENT MUST BE APPROACHED IN A MORE COMPREHENSIVE AND COORDINATED MANNER AT FEDERAL, STATE, LOCAL, AND INTERSTATE LEVELS

THE FEDERAL GOVERNMENT SHOULD SUPPORT A MANAGEMENT SYSTEM WHICH PROVIDES FOR DEFINED STATE AND NATIONAL OBJECTIVES AND CRITERIA IN THE MANAGEMENT OF WATER RESOURCES. SUCH A SYSTEM SHOULD GUIDE RESULTING STATE, LOCAL AND FEDERAL IMPLEMENTATION ACTIONS, WITH DUE REGARD FOR EFFICIENCY IN PUBLIC INVESTMENT, ENVIRONMENTAL QUALITY, EQUITY, AND THE INTEGRITY OF HYDROLOGIC AND RELATED NATURAL SYSTEMS.

- ① AT THE FEDERAL LEVEL, THIS MEANS RESOLUTION OF CONFLICTS OR COMPETITION AMONG FEDERAL PROGRAMS AND COORDINATION OF AGENCY ACTIVITIES, THROUGH A NATIONAL COORDINATING ENTITY REPORTING DIRECTLY TO THE PRESIDENT AND WITH PROVISION FOR ADEQUATE STATE AND PUBLIC INPUT, SUCH AS A STRENGTHENED AND RECONSTITUTED U.S. WATER RESOURCES COUNCIL.
- ② AT THE STATE LEVEL, THIS MEANS PREPARATION AND MAINTENANCE OF COMPREHENSIVE STATEWIDE WATER AND RELATED RESOURCE PROGRAMS DEVELOPED WITHIN NATIONAL OBJECTIVES AND CRITERIA ESTABLISHED IN CONSULTATION WITH THE STATES, APPROPRIATELY FUNDED, WITH SPECIFIC FUNDING SUPPORT FOR LOCAL AND FEDERAL PARTICIPATION.
- ③ AT THE INTERSTATE LEVEL, WHERE STATES DETERMINE THAT FEDERAL/ STATE COLLABORATION IS DESIRABLE, INSTITUTIONS SUCH AS RIVER BASIN COMMISSIONS, INTERSTATE COMPACTS, OR OTHER MECHANISMS AGREED UPON BY THE PARTICIPANTS SHOULD BE SUPPORTED.

PRINCIPLE #4: FEDERAL ACTIONS MUST BE CONSISTENT WITH ADOPTED STATE AND INTERSTATE WATER AND RELATED RESOURCES PLANS AND PROGRAMS

A MAJOR FRUSTRATION AMONG REGIONAL, STATE AND LOCAL WATER RESOURCE DECISION MAKERS IS THE PROBLEM OF SECURING CONSISTENCY OF FEDERAL PROJECTS WITH STATE WATER PLANNING PROGRAMS. ALL DIRECT FEDERAL ACTIONS, GRANTS, AND REGULATIONS MUST BE SHOWN TO BE CONSISTENT WITH ADOPTED STATE AND INTERSTATE WATER AND RELATED RESOURCES PLANS DEVELOPED WITHIN THE FRAMEWORK OF THE NATIONAL OBJECTIVES AND CRITERIA. IN THE ABSENCE OF SUCH PLANS, FEDERAL ACTIONS SHOULD BE CONDUCTED FOLLOWING AGREEMENT WITH THE AFFECTED STATES.



PRINCIPLE #5: THERE MUST BE CONTINUITY IN FEDERAL SUPPORT FOR WATER  
MANAGEMENT PROGRAMS

EFFECTIVE SCHEDULING OF LOCAL AND STATE GOVERNMENT APPROPRIATIONS PROCESSES AND PERSONNEL RECRUITMENT IS MADE EXTREMELY DIFFICULT BY SHARP VARIATIONS IN FEDERAL FUNDING LEVELS AND BY THE FAILURE TO FULLY FUND AUTHORIZED PROGRAMS.

CONTINUITY OF FEDERAL SUPPORT IS CRITICAL IN TWO RESPECTS: IN RELATIVE DEPENDABILITY IN FUNDING LEVELS OVER TIME; AND IN THE ENTIRE SEQUENCE OF ACTIONS FROM PLANNING THROUGH IMPLEMENTATION. WITH CONTINUITY IN FEDERAL SUPPORT GUARANTEED, NON-FEDERAL CONTRIBUTIONS CAN BE MORE EASILY ASSURED.

PRINCIPLE #6: THERE MUST BE GREATER FLEXIBILITY IN THE ENTIRE FEDERAL  
SUPPORT SYSTEM FOR WATER MANAGEMENT

SOURCES OF FEDERAL ASSISTANCE FOR WATER PLANNING IN GENERAL AND PROGRAM MANAGEMENT AND PROJECTS IN PARTICULAR ARE NOT ADEQUATELY RESPONSIVE TO WATER PROBLEMS AT THE STATE, REGIONAL, OR NATIONAL LEVEL. INHERENT BIASES TOWARD SPECIFIC COURSES OF ACTION EXIST THROUGHOUT THE SYSTEM AND ARE PRINCIPALLY CAUSED BY (1) THE FAILURE TO FUND (OR FUND ADEQUATELY) SPECIFIC SECTIONS OF APPROVED FEDERAL LEGISLATION; (2) THE NARROW FOCUS OF SOME CATEGORICAL GRANTS; (3) THE VARIATIONS IN THE FEDERAL CONTRIBUTIONS IN COST SHARING FORMULAS; AND (4) AUTHORITIES WHICH PRECLUDE AGENCIES FROM PARTICIPATION IN CERTAIN PROJECTS AND PROGRAMS. SUCH BIASES RENDER THE SYSTEM OF FEDERAL ASSISTANCE INFLEXIBLE, REDUCE THE NUMBER OF OPTIONS STATE AND LOCAL DECISION MAKERS CAN CONSIDER, AND EFFECTIVELY PRECLUDE ACHIEVEMENT OF THE GOAL OF COMPREHENSIVE PLANNING AND MANAGEMENT.

TO ELIMINATE THE INFLEXIBILITY WHICH HAS EVOLVED AND PROMOTE A MORE FLEXIBLE SYSTEM CAPABLE OF RESPONDING TO PERCEIVED WATER PROBLEMS, WHETHER NATIONAL OR REGIONAL IN SCOPE, THE SUBCOMMITTEE RECOMMENDS FOUR BASIC POLICY CHANGES:

- ① FIRST, BROADEN THE APPLICABILITY OF EXISTING CATEGORICAL PROGRAMS, OR FULLY FUND UNDERFUNDED PROGRAMS, TO MAKE THEM MORE RESPONSIVE TO STATE AND REGIONAL NEEDS;
- ② SECOND, BEGIN THE ESTABLISHMENT OF A SUPPLEMENTAL GRANT PROGRAM FOR WATER MANAGEMENT ACTIONS THAT ARE NEEDED BUT DO NOT QUALIFY UNDER EXISTING CATEGORICAL GRANT PROGRAMS OR DIRECT FEDERAL PROJECTS. GUIDELINES WOULD BE DESIGNED WITHIN BROAD NATIONAL OBJECTIVES DEVELOPED IN CONSULTATION WITH THE STATES;
- ③ THIRD, GIVE EQUITABLE TREATMENT TO ALL ALTERNATIVE SOLUTIONS TO WATER-RELATED PROBLEMS BY UPGRADING FUNDING ASSISTANCE FOR NON-STRUCTURAL PROGRAMS; AND
- ④ FOURTH, ESTABLISH FEDERAL AGENCY AUTHORITY AS NEEDED TO PARTICIPATE IN AND FUND A WIDER VARIETY OF WATER MANAGEMENT SOLUTIONS SUCH AS FOR WATER SUPPLY AND WATER RESTORATION PROGRAMS.

PRINCIPLE #7: CRITERIA FOR PLANNING AND EVALUATING FEDERAL AND FEDERALLY ASSISTED WATER PROJECTS AND PROGRAMS MUST BE REFINED AND APPLIED UNIFORMLY

A SPECIAL EFFORT SHOULD BE MADE TO REVIEW AND REVISE THE PRINCIPLES & STANDARDS TO BETTER RECOGNIZE, QUANTIFY AND DISPLAY THE ENVIRONMENTAL AND SOCIAL AND REGIONAL IMPLICATIONS OF FEDERAL WATER PROGRAMS AND PROJECTS. THE GENERAL INTENT OF THE P & S SHOULD APPLY TO ALL FEDERALLY ASSISTED AS WELL AS DIRECT FEDERAL WATER AND RELATED RESOURCE PROGRAMS.

- ⑥ THE PUBLIC PARTICIPATION REQUIREMENTS OF PROJECT PLANNING AND EVALUATION CRITERIA SHOULD BE AGRESSIVELY CARRIED OUT.
- ⑥ PROJECTS SHOULD BE SELECTED USING A SYSTEM WHICH INCLUDES COST/BENEFIT ANALYSES, COST EFFECTIVENESS ANALYSES, AND ECONOMIC, ENVIRONMENTAL AND SOCIAL ANALYSES.
- ⑥ THE APPLICATION OF APPROPRIATELY REVISED PRINCIPLES & STANDARDS TO WATER QUALITY PROGRAMS IS AN EXAMPLE OF EFFECTIVE AND EQUITABLE ASSESSMENT OF SUCH PROGRAMS: SUBSEQUENTLY, PROJECTS WHICH ARE PART OF SUCH PROGRAMS WOULD BE EVALUATED BY COST-EFFECTIVENESS.
- ⑥ STEPS MUST BE TAKEN TO ENSURE THAT EVALUATIONS OF ALL FEDERAL WATER PROGRAMS AND PROJECTS ARE CONDUCTED AND REPORTED UNIFORMLY TO THE MAXIMUM EXTENT POSSIBLE; AND
- ⑥ THE PRESENT METHOD OF ESTABLISHING THE DISCOUNT RATE FOR FEDERAL PROJECTS--BASED ON THE COST OF FEDERAL BORROWING--APPEARS TO BE THE MOST APPROPRIATE. DISCOUNT RATES SHOULD BE UNIFORM AND RELATIVELY STABLE.

PRINCIPLE #8: FEDERAL PROJECT FINANCING, COST SHARING, AND COST RECOVERY POLICIES SHOULD BE REVIEWED AND SIMPLIFIED TO ELIMINATE INEQUITIES AND INHERENT BIASES TOWARD SPECIFIC SOLUTIONS TO WATER PROBLEMS AND PROMOTE EQUAL CONSIDERATION OF STRUCTURAL AND NON-STRUCTURAL SOLUTIONS

EXISTING FEDERAL POLICIES PRESENT A BEWILDERING ARRAY OF FINANCING, COST-SHARING, AND COST RECOVERY OPTIONS FOR DIRECT FEDERAL AND FEDERALLY-ASSISTED WATER PROJECTS AND PROGRAMS. INEQUITIES EXIST AMONG THOSE WHO PAY FOR AND THOSE WHO BENEFIT FROM SUCH PROJECTS AND PROGRAMS. MOREOVER, MANY EXISTING PROGRAMS CREATE INHERENT FINANCIAL BIASES WHICH FAVOR CERTAIN

SOLUTIONS TO WATER PROBLEMS OVER OTHERS, SOMETIMES RESULTING IN THE APPROVAL OF PROJECTS OF ONLY MARGINAL UTILITY. ACCORDINGLY, THE SUBCOMMITTEE URGES THAT:

- COST-SHARING POLICIES SHOULD BE CONSISTENT AMONG ALTERNATIVE MEANS FOR ACHIEVING THE SAME PURPOSE. THIS MEANS UNIFORMITY AMONG COST-SHARING POLICIES FOR BOTH STRUCTURAL AND NON-STRUCTURAL ALTERNATIVE SOLUTIONS TO A PROBLEM UNDER EXISTING AGENCY AUTHORITIES AND BROADENING SOME AGENCY AUTHORITIES TO PERMIT CONSIDERATION OF MORE ALTERNATIVES;
- COST-SHARING POLICIES SHOULD BE CONSISTENT AMONG FEDERAL AGENCIES FOR THE SAME PURPOSE. THERE SHOULD BE NO FINANCIAL BIAS MAKING ONE AGENCY'S PROGRAM MORE ATTRACTIVE THAN ANOTHER'S ON FINANCIAL GROUNDS, FORCING NON-FEDERAL PARTICIPANTS TO "SHOP AROUND" FOR THE BEST DEAL;
- WHERE URGENT ACTION IS CALLED FOR AND NON-FEDERAL PARTICIPANTS CANNOT PROVIDE THEIR "FRONT END" SHARE IN TIMELY FASHION, THERE SHOULD BE PROVISION FOR FEDERAL FINANCING BEYOND THE ULTIMATE FEDERAL COST-SHARING LEVEL, WITH SUBSEQUENT COST RECOVERY;
- COST RECOVERY POLICIES SHOULD PROMOTE CONSERVATION AND EQUITY. PROJECT COSTS SHOULD BE RECOVERED FROM IDENTIFIABLE BENEFICIARIES WHENEVER POSSIBLE THROUGH SYSTEMS SUCH AS USER CHARGES, AD VALOREM TAXATION, AND SALE OF VENDABLE PRODUCTS, WITH DUE REGARD TO BENEFITS DERIVED AND FOR ADMINISTRATIVE PRACTICALITY AND FINANCIAL CONSTRAINTS ON DIRECT BENEFICIARIES AND COMMUNITIES.

PRINCIPLE #9: WATER CONSERVATION MUST BE THE FUNDAMENTAL CONSIDERATION IN WATER MANAGEMENT PROGRAMS

A NATIONAL WATER CONSERVATION INITIATIVE REFLECTING REGIONAL VARIATIONS AND AS DEFINED BELOW MUST BE THE CORNERSTONE OF NATIONAL WATER POLICY. WATER CONSERVATION INVOLVES: (1) DAY-TO-DAY USES; (2) RESOURCE ALLOCATION INCLUDING CONJUNCTIVE USES; (3) DROUGHT RESPONSE; AND (4) EFFECTIVE USE OF SEASONAL WATER INCLUDING STORAGE WHERE APPLICABLE. THE ISSUE IS BOTH ECONOMIC AND ENVIRONMENTAL. THE ECONOMICS AND ENVIRONMENTAL IMPACTS OF WATER CONSERVATION VARY BY REGION AND ARE OFTEN SITE SPECIFIC. NATIONAL POLICY MUST BE FLEXIBLE ENOUGH TO ACCOMMODATE THESE DIFFERENCES.

ACCORDINGLY, THE SUBCOMMITTEE RECOMMENDS:

- o A NATIONAL WATER CONSERVATION INITIATIVE IMPLEMENTED BY THE STATES AS PART OF THEIR TOTAL WATER MANAGEMENT PROGRAMS WITH FEDERAL FINANCIAL AND TECHNICAL ASSISTANCE INCLUDING A COMPONENT FOR EVALUATION OF THE TRUE BENEFITS AND COSTS OF CONSERVATION.
- o ENCOURAGING COMPREHENSIVE MANAGEMENT OF INTERMITTENTLY AVAILABLE FRESH WATER RESOURCES TO MAXIMIZE THE AVAILABILITY OF SURFACE AND GROUNDWATER SUPPLIES;
- o REQUIRING CONSIDERATION OF MAXIMUM WATER CONSERVATION CONTRIBUTIONS IN PROJECT AND PROGRAM PLANNING AND EVALUATION CRITERIA, SUCH AS THE P & S, FOR ALL WATER PROGRAMS AND PROJECTS;
- o EXAMINING CLOSELY THE INCENTIVES AND DISINCENTIVES FOR ENCOURAGING RECYCLING AND REUSE OF WATER, WITH DUE CONSIDERATION FOR PUBLIC HEALTH.

- ⑥ EXAMINING AND PROMOTING WHERE FEASIBLE THE PRACTICE OF CONJUNCTIVE USE OF WATER SUPPLIES--I.E., USE SURFACE WATER SUPPLIES DURING HIGH STREAM FLOWS THEREBY CONSERVING GROUNDWATER SUPPLIES, AND USE GROUNDWATER SUPPLIES DURING LOW STREAM FLOWS.

PRINCIPLE #10: FEDERALLY SUPPORTED WATER RESEARCH SHOULD BE EXPANDED, COORDINATED, AND TIED CLOSELY TO THE PLANNING AND MANAGEMENT CONCERNS OF THE STATES

THE FEDERAL GOVERNMENT CURRENTLY SUPPORTS A WIDE VARIETY OF WATER RESEARCH PROGRAMS, BOTH THROUGH THE INDIVIDUAL FEDERAL WATER AGENCIES AND THROUGH THE STATE WATER RESOURCES RESEARCH CENTERS CREATED UNDER THE WATER RESOURCES RESEARCH ACT OF 1964 AND COORDINATED BY THE OFFICE OF WATER RESEARCH AND TECHNOLOGY IN THE DEPARTMENT OF THE INTERIOR. THROUGH THESE VEHICLES, IMPORTANT RESEARCH HAS BEEN CONDUCTED IN ALL PHASES OF WATER MANAGEMENT. HOWEVER, LITTLE COORDINATION EXISTS AMONG THESE PROGRAMS AND NO EFFECTIVE MECHANISM EXISTS WHICH CAN FOCUS THE WATER RESEARCH ESTABLISHMENT ON THE PLANNING AND MANAGEMENT CONCERNS OF THE NATION'S PRINCIPAL WATER MANAGERS--THE STATES. THE SUBCOMMITTEE RECOMMENDS THAT:

- ⑥ AT THE FEDERAL LEVEL, PROVIDE COORDINATION AMONG THE MANY MISSION-ORIENTED FEDERAL AGENCY RESEARCH PROGRAMS BY, FOR EXAMPLE, TYING THEM AND THE OFFICE OF WATER RESEARCH AND TECHNOLOGY MORE CLOSELY TO A NATIONAL COORDINATING ENTITY SUCH AS A RECONSTITUTED AND STRENGTHENED U.S. WATER RESOURCES COUNCIL.
- ⑥ AT THE STATE AND REGIONAL LEVEL, REQUIRE THAT THE RESEARCH AGENDAS OF BOTH THE FEDERAL AGENCIES AND THE FEDERALLY-SUPPORTED WATER RESEARCH CENTERS BE DEVELOPED IN CONJUNCTION WITH THE EXPRESSED MANAGEMENT NEEDS OF THE STATES; AND

- o PROVIDE SUBSTANTIALLY INCREASED SUPPORT, PERHAPS THROUGH AMENDMENT TO THE WATER RESOURCES RESEARCH ACT, FOR RESEARCH PROGRAMS IN SUPPORT OF STATE NEEDS, AND INCREASED SUPPORT FOR PROGRAMS OF TECHNOLOGY TRANSFER AND PUBLIC INFORMATION BY THE WATER CENTERS TO INCREASE THE VALUE OF THEIR WORK.

PRINCIPLE #11: ANY CLAIMS TO FEDERAL RESERVED WATER RIGHTS INCLUDING THOSE FOR INDIANS MUST BE INITIALLY ADDRESSED WITHIN THE FRAMEWORK OF ESTABLISHED STATE SYSTEMS

TO INSURE THAT THERE IS EQUITY AND THAT PROCEDURES ARE PROMPT AND ORDERLY, THE PROCESSES FOR THE IDENTIFICATION AND QUANTIFICATION OF FEDERAL RESERVED WATER RIGHTS, INCLUDING THOSE MADE ON BEHALF OF INDIANS, SHOULD BE STREAMLINED AND ACCELERATED IN COOPERATION WITH THE STATES, WITH ORIGINAL JURISDICTION IN STATE COURTS SUBJECT TO NORMAL APPEAL. THE SUBSEQUENT ADMINISTRATION OF SUCH RIGHTS SHOULD BE WITHIN STATE SYSTEMS.

THE SUBCOMMITTEE RECOMMENDS THAT:

- o ANY FEDERAL CLAIMS TO WATER ASSERTED UNDER THE RESERVATION DOCTRINE OR OTHER THEORY OF PARAMOUNT RIGHT INCLUDING THOSE MADE ON BEHALF OF INDIANS SHOULD INCLUDE A SPECIFIC RECITAL OF THE PURPOSE, LOCATION, EXTENT AND PRIORITY DATA OF EVERY WATER RIGHT CLAIMED, AND SHOULD RELATE SUCH CLAIMS TO THE EFFECTUATION OF THE ORIGINAL PURPOSE OF THE RESERVATION.
- o FEDERAL LEGISLATION IS NEEDED TO PROVIDE FULL COMPENSATION TO THE OWNERS OF WATER RIGHTS VESTED UNDER STATE LAW, IF (1) THOSE RIGHTS ARE LATER TAKEN BY THE UNITED STATES OR INDIAN TRIBES OR (2) THE EXERCISE OF THOSE RIGHTS IS PRECLUDED BY ACTIONS OF THE UNITED STATES.

THE WHITE HOUSE

WASHINGTON

Meeting with John Hill  
Wednesday, May 17, 1978  
2:50 p.m.  
(10 minutes)  
The Oval Office

(by: Tim Kraft)

- I. PURPOSE: Introductory Meeting
- II. BACKGROUND, PARTICIPANTS, PRESS:

- A. Background: Attorney General John Hill is the Democratic nominee for the gubernatorial seat.

During the primary, Hill scored a surprising victory by winning without a runoff (Hill, 51.4%; Briscoe, 41.8%; former Governor Smith, 5.1% and two lesser candidates). Briscoe charged Hill as being a proponent of Big Government while Hill characterized the Briscoe governorship as absent and inept. Many attribute Hill's victory to his "verbal support" of the Agriculture Movement and thereby his good showing in traditionally Briscoe voting rural areas. Briscoe outspent Hill 2:1. Hill maintained an aggressive campaign.

Hill is the heavy odds on favorite in the General election against Bill Clements (61, Dallas, former deputy defense secretary, and oil-rich). Clements spent nearly one million dollars in the GOP primary, much of it out of his own pocket. Intangibles may arise, but, Hill should have it.

- B. Participants: Attorney General John Hill  
Elizabeth Ann Hill, wife  
Tim Kraft  
John C. White
- C. Press: White House photographer.



1:50 PM

THE WHITE HOUSE  
WASHINGTON

May 16, 1978

C

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Brief Meeting with Governor and Mrs. Briscoe (Tx.)  
Wednesday May 17, 1978  
1:50 p.m. (10 minutes) Oval Office

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Chairman White arranged for you to spend a few minutes with Governor and Mrs. Briscoe (Janey) while the Governor is in town for the water policy meeting. As you know, he lost his bid for re-election to Attorney General John Hill. The vote was 51.2% for Hill; 41.6% for Briscoe. The Republican candidate for governor is Bill Clements, and he will be a formidable opponent.

As best we can determine, there are no additional issues he wishes to discuss with you.

THE WHITE HOUSE  
WASHINGTON

*great!*

5/17/78  
3:00 p.m.

Mr. President --

The House just passed the  
budget resolution --  
202 to 194.

per Bill Cable

2590

THE WHITE HOUSE  
WASHINGTON

May 17, 1978

Fran Voorde  
Phil Wise

The attached was returned in the President's  
outbox today and is forwarded to you for  
appropriate handling.

Rick Hutcheson

cc: Hamilton Jordan

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
✓	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
✓	VOORDE
	WARREN
✓	WISE

THE WHITE HOUSE  
WASHINGTON

May 15, 1978

C

MR. PRESIDENT:

Secretary Vance and Zbig have asked that you meet with Foreign Minister Gromyko concerning the SALT Treaty while he is in the U.S. to address the United Nations on Friday, May 26. Your tentative schedule is:

Friday - May 26, 1978

3:30 p.m. Arrive D.C. from domestic trip

6:00 p.m. Dinner with Giscard

8:15 p.m. Arrive Camp David

Saturday - May 27, 1978

Camp David

Sunday - May 28, 1978

2:00 p.m. Depart Camp David

3:00 p.m. Amy's violin solo at Wolftrap

5:00 p.m. Arrive White House

Monday - May 29, 1978 (Memorial Day)

Open

Secretary Vance suggests Gromyko visit with you Saturday at Camp David.

If you must see him, I suggest either late Sunday afternoon at the White House or Monday morning.

Approve White House on Sunday, May 28, after 5:00 p.m. \_\_\_\_\_

Approve White House on Monday morning \_\_\_\_\_

*W House*  
Approve ~~Camp David~~ on Saturday, May 27 \_\_\_\_\_ Time: *8:00 am*

PHIL

*Phil*

2597

THE WHITE HOUSE  
WASHINGTON  
May 16, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson  
BUDGET RESOLUTION

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
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	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

May 16, 1978

*Frank -  
Jim stay out  
of it  
J*

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE *f.m.*

BILL CABLE *Bill*

SUBJECT: Budget Resolution

At the Leadership Breakfast this morning you indicated to Jim Wright and John Brademas a willingness to make some calls on the Budget Resolution which will be considered in the House tomorrow. After consulting with Tip, Brademas, and Wright, it is their recommendation that you should take a low profile on the issue of the Resolution itself. If you want to get involved, it is my recommendation that you call two or three members who are spearheading the task force that is lobbying for the passage of the bill. This would give you some visibility in support of the Speaker but not actually involve you directly in the outcome. It is my judgment that the Resolution will not pass.

Background For The Calls:

**\*\*The Resolution is in trouble because "liberals" think the education and training function is too low and the defense function is too high.**

**\*\*Republicans are voting against the Resolution en block because it contains too much government spending.**

**\*\*The nature of the Budget Resolution is such that it provides something for everybody to find fault with.**

Suggested Calls:

Leon Panetta (D-16-Calif) Committees: Agriculture  
House Administration

Leon has a mixed record of supporting budget resolutions but is going all out with the members of the 95th New Members Caucus.

Paul Simon (D-24-Illinois) Committees: Budget  
Education and Labor

Paul has been an outspoken supporter of increasing aid to education, and by supporting this Resolution and actively working for it is incurring the wrath of his traditional allies in the education community. Paul feels strongly



that this is a balanced resolution and if the Congress is going to retain its role in the budget process, the Resolution must be passed.

Charlie Rose (D-7-N.C.) Committees: Agriculture  
District of Columbia  
House Administration

Charlie is a bright, aggressive Southerner who can inevitably be counted on to support the Leadership and who is actively working the Members of his region to support the bill.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

May 16, 1978

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS by 1978*

Subject: Personal Income in April

Tomorrow (Wednesday, May 17) at 10:30 a. m. the Commerce Department will publish figures on personal income in April. The incoming news continues to be very good.

Total personal income increased 1.4 percent in April, the same as the upward revised March figure, or at an annual rate of 17 percent. The dominant factor in these large increases was a sharp rise in aggregate wages and salaries. In both months, total wage and salary disbursements rose 1.7 percent, or at an annual rate of over 20 percent. The increase in employment was very large in March and again in April, when the striking coal miners returned to work. In March, the average length of the work week also increased substantially from the weather-shortened February level; in April, average hourly earnings rose substantially.

Farm proprietors' income has remained unchanged over the past three months at a level about equal to the 1977 average, but much below the highs of late last year when deficiency payments were large.

Most of the major monthly series (employment, industrial production, retail sales, housing starts, and personal income) for April are now in. They all tell the same story -- that activity is rebounding strongly from the depressed levels of January-February. We cannot expect the news to continue to be this good. The May figures should look much more tranquil. But a very large increase in second-quarter GNP is virtually assured by developments to date.